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ANNUAL REPORT

APRIL 1ST 1954
— — —
MARCH 31ST 1955



Edmonton, Alberta,

October 1, 1955.

To His Honour,

J. J. Bowlen,

Lieutenant Governor of the Province of Alberta,

Edmonton, Alberta.

Sir:-


I have the honour to transmit the Forty-third
Annual Report of the Department of Telephones for the year ended
March 31st 1955.

I have the honour to be, Sir,

Your obedient servant,

Gordon E. Taylor,

Minister of Telephones.



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Minister of Telephones.

Edmonton, October 1, 1955.

Honourable Gordon E. Taylor,
Minister of Telephones,
Province of Alberta,
EDMONTON, Alberta.

Sir:-

Herewith is submitted the forty-third Annual Report of the
Alberta Government Telephones, covering the fiscal year ended March 31st
1955.

This report clearly illustrates a continuation of the growth and
expansion that has characterized the operations of the Alberta Government
Telephones during the last few years. Investment in telephone plant during the
year was increased by approximately \$10,000,000.00 in an effort to meet the
sustained demand for service, both exchange and toll.

At March 31st 1954, we reported 9,520 applicants waiting for
A. G. T. exchange service throughout the Province and notwithstanding the fact
the system recorded a net gain of 12,207 stations during the fiscal year, sub-

stantially exceeding the original number waiting, the held applications at

March 31st 1955 still numbered 9,382. This gives some indication of the unpre-
cedented current demand for telephone service.

Revenue from all sources showed a substantial increase over the previous year. Of course, operating expenses also increased but the earned surplus of \$3,614,754.61 was only slightly less than the previous year. It might be again mentioned that A.G.T. telephone rates in Alberta, established in 1926, are the lowest of any major system in Canada.

Progress is continuing in our long range program of converting manually operated exchanges to dial service, the following being changed during the year under review:-

Bowden	Morrin
Delia	Peace River
East Coulee	Stettler

Work is under way on a continent-wide microwave radio relay system, which is being built jointly by members of the Trans-Canada Telephone System. It will be the longest in the world, stretching more than 3,800 miles from Sydney, Nova Scotia to Vancouver, British Columbia. When completed, the system will greatly increase long distance toll facilities from coast to coast, also within our own Province. It will also carry television programs.

The following is a more detailed report on the year's operations:-

EXCHANGE SERVICE

The total number of Alberta Government Telephones stations in service at the end of the fiscal year was 130,386, consisting of 129,027 exchange stations, 185 toll stations and 1,174 "X" party line stations. During the

year 24,589 telephones were connected and 12,382 disconnected, resulting in a net gain of 12,207 over the March 31st 1954 total of 118,179.

Rural Mutual Companies, numbering 868, showed a net gain of 731 stations to a total of 27,330.

The total number of telephones in service in the Province, as at March 31st 1955, follows:-

Alberta Government Telephones Stations	- 130,386
Rural Mutual Company stations	- 27,330
City of Edmonton (private system)	- <u>67,224</u>
Total Stations	- <u><u>224,940</u></u>

The following shows the telephone development in the Province during the last ten years:-

<u>Fiscal Year Ended</u>	<u>A. G. T. Stations</u>	<u>Mutual Co. Stations</u>	<u>Private System</u>	<u>Total Stations</u>
Mar. 31-1946	46,594	19,765	25,866	92,225
" " 1947	49,365	20,633	26,703	96,701
" " 1948	55,506	21,382	28,274	105,162
" " 1949	60,739	22,456	30,284	113,479
" " 1950	69,716	23,286	35,328	128,330
" " 1951	78,741	24,144	40,937	143,822
" " 1952	90,337	24,841	47,752	162,930
" " 1953	101,301	25,854	53,989	181,144

<u>Fiscal Year Ended</u>	<u>A. G. T. Stations</u>	<u>Mutual Co. Stations</u>	<u>Private System</u>	<u>Total Stations</u>
Mar. 31-1954	118,179	26,599	60,069	204,847
" " 1955	130,386	27,330	67,224	224,940

Exchange Service Revenue for the year amounted to \$5,215,463.48, an increase of \$595,988.22 over the previous year, or 12.9%, reflecting the substantial number of new subscribers added to the system.

The following illustrates the steady increase in Exchange Service Revenue during the last ten years:-

<u>Fiscal Year Ended</u>	<u>Exchange Service Revenue</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1946	\$ 1,816,931.09	\$ 72,552.64	4.1%
" " 1947	1,942,520.26	125,589.17	6.9%
" " 1948	2,139,020.79	196,500.53	10.1%
" " 1949	2,386,129.62	247,108.83	11.5%
" " 1950	2,680,963.30	294,833.68	12.3%
" " 1951	3,065,790.95	384,827.65	14.3%
" " 1952	3,485,459.70	419,668.75	13.7%
" " 1953	3,974,899.35	489,439.65	14.0%
" " 1954	4,619,475.26	644,575.91	16.2%
" " 1955	5,215,463.48	595,988.22	12.9%

During the year the outside plant at six exchanges was completely rebuilt and fifteen other exchanges partially rebuilt.

TOLL SERVICE

The number of long distance calls completed set a new record of 9,389,106, compared to 8,569,511 the previous year, a gain of 819,595 or 9.6%.

Net toll revenue again showed a substantial increase to a record total of \$7,761,360.70, a gain of \$854,840.02 or 12.4% over the preceding year. The net toll revenue represents 55.2% of our total operating revenue as against 55.3% last year.

Comparative figures of toll calls completed and net toll revenue for the last ten years are as follows:-

Toll Calls Completed

<u>Fiscal Year Ended</u>	<u>Calls Completed</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1946	3,632,300	406,431	12.6%
" " 1947	4,136,723	504,423	13.9%
" " 1948	4,474,542	337,819	8.1%
" " 1949	5,092,794	618,252	13.8%
" " 1950	5,602,546	509,752	10.0%
" " 1951	6,258,353	655,807	11.7%
" " 1952	6,950,911	692,558	11.1%
" " 1953	7,719,426	768,515	11.0%
" " 1954	8,569,511	850,085	11.1%
" " 1955	9,389,106	819,595	9.6%

Net Toll Revenue

<u>Fiscal Year Ended</u>	<u>Net Toll Revenue</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1946	\$ 2,111,710.00	\$ 223,551.00	11.8%
" " 1947	2,419,845.00	308,135.00	14.6%
" " 1948	2,769,538.00	349,693.00	14.5%
" " 1949	3,255,772.00	486,234.00	17.5%
" " 1950	3,778,735.00	522,963.00	16.1%
" " 1951	4,478,244.00	699,509.00	18.5%
" " 1952	5,111,764.00	633,520.00	14.1%
" " 1953	5,971,295.00	859,530.00	16.8%
" " 1954	6,906,521.00	935,225.00	15.7%
" " 1955	7,761,361.00	854,840.00	12.4%

FINANCIAL

Operating Income

Operating income for this fiscal year again set a new record high, reaching a total of \$14,068,160.57. This is an increase of \$1,582,936.88 over last year or 12.7%. The revenue was derived from the following sources:-

Exchange Service	- \$ 5,215,463.48
Toll Service (net)	- 7,761,360.70
Connecting Company Fees	- 192,706.10
Miscellaneous Operating Revenue	- <u>898,630.29</u>
Total Operating Revenue	- <u><u>\$ 14,068,160.57</u></u>

In addition to the above there was a non-operating revenue of \$17,113.25.

The following table illustrates the annual improvement in total operating revenues during the past few years:-

<u>Fiscal Year Ended</u>	<u>Total Operating Revenues</u>	<u>Increase over Previous Year</u>	<u>Percent Increase</u>
Mar. 31-1949	\$ 6,089,611.25	\$ 779,430.69	14.6%
" " 1950	6,977,787.78	888,176.53	14.6%
" " 1951	8,117,563.33	1,139,775.55	16.3%
" " 1952	9,306,029.52	1,188,466.19	14.6%
" " 1953	10,714,038.45	1,408,008.93	15.1%
" " 1954	12,485,223.69	1,771,185.24	16.5%
" " 1955	14,068,160.57	1,582,936.88	12.7%

Operating Expenses

Operating Expenses (operation and maintenance combined) amounted to \$6,642,439.87 for the fiscal year, an increase of \$800,514.22 or 13.7% over the preceding year. This was the result of system expansion, additions to staff and a general salary adjustment to all personnel.

Included in total Operating Expenses is the net cost of operating Radio Station CKUA which amounted to \$89,776.07 as compared to \$80,228.88 last year. Total expenditures by the Alberta Government Telephones on behalf of the Radio Station since taking over its operation in April 1944 now amounts to \$703,814.26.

Surplus

The net surplus, after deducting \$2,180,000.00 as the annual

allowance for depreciation and \$1,648,079.34 covering interest on debt, pension fund contribution and other small contingencies, amounted to \$3,614,754.61.

Total Telephone Plant

At the end of the fiscal year, the value of the total telephone plant stood at \$66,099,198.56. However, this year, for the first time, "Office Furniture and Equipment" and "Tools, Vehicles and Sundry Equipment" aggregating \$1,130,977.36, have been included in telephone plant. This is in accord with standard practice in the telephone industry. The actual increase in telephone plant over the past year, after applying similar adjustments to the 1953-54 figures, was \$9,519,013.00.

The following statement shows the Total Telephone Plant, Operating Revenues and Operating Expenses for each of the last ten fiscal years:-

<u>Fiscal Year Ended</u>	<u>Telephone Plant</u>	<u>Operating Revenue</u>	<u>Operation and Maintenance</u>
Mar. 31-1946	\$ 16,378,246.59	\$ 4,402,076.48	\$ 1,463,181.86
" " 1947	17,017,874.72	4,781,961.43	1,653,202.12
" " 1948	18,799,569.95	5,318,175.51	1,975,191.35
" " 1949	21,467,009.68	6,092,547.83	2,329,975.62
" " 1950	25,650,607.53	6,984,055.29	2,818,178.73
" " 1951	29,586,373.12	8,117,563.33	3,258,812.10
" " 1952	36,516,830.72	9,306,029.52	4,244,978.09
" " 1953	45,562,898.50	10,714,038.45	5,036,360.49
" " 1954	55,652,202.83	12,485,223.69	5,841,925.65
" " 1955	66,099,198.56	14,068,160.57	6,642,439.87

The following figures show the annual net increase in Telephone Plant, Operating Revenues and telephones in service for the last ten years:-

<u>Fiscal Year Ended</u>	<u>Net Increase in Plant over Previous Year</u>	<u>Increase in Operating Revenues over Previous Year</u>	<u>Increase in Telephones at End of Year</u>
Mar. 31-1946	\$ 370,450.00	\$ 357,441.00	2,347
" " 1947	639,628.00	354,315.00	2,771
" " 1948	1,781,696.00	553,789.00	6,141
" " 1949	2,667,440.00	779,430.00	5,233
" " 1950	4,183,598.00	888,177.00	8,977
" " 1951	3,935,766.00	1,139,776.00	9,025
" " 1952	6,930,458.00	1,188,466.00	11,596
" " 1953	9,046,068.00	1,408,009.00	10,964
" " 1954	10,089,304.00	1,771,185.00	16,878
" " 1955	<u>10,446,996.00</u>	<u>1,582,937.00</u>	<u>12,207</u>
Total increase Ten Year Period	<u>\$50,091,404.00</u>	<u>\$10,023,525.00</u>	<u>86,139</u>

Reserve for Uncollectible Accounts

Losses from uncollectible accounts amounted to \$18,536.22 during the year or .13 of 1% of gross revenue. This exceeded the amount appropriated for that purpose and the allowance will be increased to \$18,000.00 for the next fiscal year.

Special Funds

The Depreciation and Renewal Reserve Fund as at March 31st 1955, amounted to \$1,149,947.83, an increase of \$33,664.84 over last year.

In October 1954, Government of Canada bonds having a par value of \$130,000.00 were purchased for the fund so that it is now represented by:-

Investments (par value)	= \$ 1,125,000.00
Cash in bank and accrued interest	= <u>24,947.83</u>
	<u>\$ 1,149,947.83</u>

Telephone Debt

This year, we borrowed \$8,000,000.00 from the Provincial Treasurer to help finance the construction program. This is amortized over a twenty-five year period at an interest rate of 3 1/2%. All loans carry a 3% interest rate except the last two totalling \$16,000,000.00. Total repayments to the Provincial Treasurer on principal and interest now amount to \$14,387,218.50, as shown in the following table:-

<u>Original Amount of Loans</u>	<u>Repayments of Principal</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>Outstanding Debt Mar. 31, 1955</u>
\$18,000,000.00	\$3,085,178.58	\$5,179,564.63	\$ 8,264,743.21	\$14,914,821.42
3,000,000.00	2,824,005.91	578,393.63	3,402,399.54	175,994.09
2,000,000.00	228,895.30	235,473.44	464,368.74	1,771,104.70
5,000,000.00	422,727.36	458,566.60	881,293.96	4,577,272.64
7,000,000.00	388,643.03	444,734.04	833,377.07	6,611,356.97
8,000,000.00	204,556.91	278,225.65	482,782.56	7,795,443.09
<u>8,000,000.00</u>	<u>-</u>	<u>58,253.42</u>	<u>58,253.42</u>	<u>8,000,000.00</u>
<u>\$51,000,000.00</u>	<u>\$7,154,007.09</u>	<u>\$7,233,211.41</u>	<u>\$14,387,218.50</u>	<u>\$43,845,992.91</u>

Since 1945, the value of Telephone Plant increased by \$50,091,404.00 and interest bearing debt by \$22,845,993.00, the difference being financed from reserves and revenue.

Depreciation and Renewal Reserve

During the year \$2,180,000.00, in monthly appropriations, and \$33,664.84 in earnings from investments were added to the Depreciation and Renewal Reserve. During the same period, the total net charges against the reserve for worn out and obsolete plant amounted to \$1,054,011.96, leaving a net advantage to the reserve of \$1,159,652.88. The reserve now totals \$11,212,204.79 which is 16.4% of combined plant and material inventories.

MISCELLANEOUS

Pension Fund

There were 1,752 employees participating in the Pension Plan at March 31st 1955, an increase of 161 over the previous year. Of these, 863 were male and 889 female. There were 176 pensioners whose average pension was \$87.91. Seventeen employees were retired on pension during the year and seven pensions were terminated.

Pension Fund investments at March 31st 1955 amounted to \$5,131,000.00 made up as follows:-

Government of Canada bonds	- \$ 1,440,000.00 - 28.07%
Provincial Government bonds	- 2,246,000.00 - 43.77%
Municipal & School District bonds	- <u>1,445,000.00</u> - <u>28.16%</u>
Total Investment	- <u>\$ 5,131,000.00</u> - <u>100.00%</u>

In addition, \$68,560.57 was held in cash awaiting investment.

The triennial actuarial survey of the Plan, at December 31st 1954, enabled the actuary to certify in his report that "the assets of the fund together with contributions to be received, are sufficient to meet all of the benefits without deduction or abatement."

Staff

At March 31st 1955, there were 2,332 regular employees, an increase of 137 over the previous year. Of the total, 949 are male and 1,383 female. In addition, there are 184 salaried agents and 286 commission agents.

The regular payroll for the year amounted to \$6,054,520.97. Income tax deductions from regular employees' salaries paid to the Income Tax Department amounted to \$515,954.06. In addition to the regular payroll, \$525,600.46 was paid to salaried agents and \$82,419.09 to commission agents, making a gross payroll of \$6,662,540.52. The average annual salary paid to regular employees has increased as follows:-

1952-53	-	\$ 2,399.00
1953-54	-	2,497.00
1954-55	-	2,596.00

Employee Payroll Deductions

During the year, the staff contributed through payroll deductions \$2,928.75 for Red Cross and \$2,329.70 for Community Chest. They purchased Canada Savings Bonds having a par value of \$154,950.00 compared with \$139,700.00 the previous year, an increase of 10.9%.

Appreciation

It is a pleasure and privilege once again to express thanks and appreciation to the entire staff for their loyalty and spendid service, generally under conditions of extreme pressure, and to whom a large measure of credit is due for the successful results of the year's operations.

Respectfully submitted,


DEPUTY MINISTER OF TELEPHONES

COMMERCIAL

CONDENSED STATION REPORT - Year ended March 31st 1955.

Exchange Subscribers' Stations	100,366
Exchange Subscribers' Extensions	14,451
Exchange P.A.X. Sub-Stations	3,586
Exchange P.B.X. Sub-Stations	9,350
Pay Stations	1,058
Toll Stations	185
Private A.B. Line Stations	216
A.G.T. "X" Line Stations	<u>1,174</u>
Total Alberta Government Telephones Stations	130,386
Number of Rural Mutual Telephone Company and other Private Owned Party Line Stations	27,330

STATEMENT OF EXCHANGE & TOLL OFFICES IN THE PROVINCE
Year ended March 31st 1955.

Number of Alberta Government Telephones Exchanges -	373	
Number of Alberta Government Telephones Toll Offices -		185
Number of Alberta Government Telephones Exchange Stns -		129,027
Number of Alberta Government Telephones "X" Line Stns -		<u>1,174</u>
		130,386
Number of Rural Mutual Telephone Companies	- 878	
Number of Rural Mutual Telephone Company Stns	-	27,330
Number of Connecting Exchanges - Edmonton	- 1	
Number of Connecting Exchange Stations	-	<u>67,224</u>
Total Stations in the Province		<u>224,940</u>

P L A N T

TOLL WORK UNDERTAKEN AND COMPLETED

April 1st 1954 to March 31st 1955.

Constructed

Toll Pole Miles	158
Wire Miles	1,469

Rebuilt

Toll Pole Miles	106
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EXCHANGES REBUILT

Completely rebuilt	6
Partially rebuilt	15

NEW EQUIPMENT INSTALLED DURING YEAR

April 1st 1954 to March 31st 1955.

Automatic	12,060	Lines
Common Battery	220	"
Magneto	1,462	"

STATISTICS

Number of Automatic Exchanges	34
" " Common Battery Exchanges	7
" " Magneto Exchanges	323
" " Remote Control Exchanges	9

Miles of Poles

Exchange	864
Toll	<u>5,824</u>

6,688 Miles

Miles of Wire

In Underground Cable	151,389
In Aerial Cable	149,457
Open Wire	<u>78,625</u>

Total	<u>379,471</u> Miles
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T R A F F I C
 General Statistics for Year ending
 March 31st, 1955

Traffic Payroll Offices	45
Offices giving Continuous Service	174
Toll Centers	81
Tributary Offices	496
Number of Cities, Towns & Hamlets in Alberta having Telephone Connection.....	1,127
Number of "Out" Tickets Completed and Billed	9,389,106
Offices using Teletype for Departmental Business	3
Number of Physical L.D. Lines	587
" " Phantom " "	153
" " part-Phantom & part-Physical L.D. Lines	20
" " Carrier L.D. Lines	321
" " Combined Carrier & Physical or Phantom L.D. Lines....	9
" " Telegraph & Teletype Circuits	12
" " Spare Facilities Equipped.....	25
Physical L.D. Circuit Mileage.....	27,666.8
Phantom " " " "	5,985.5
Part-Physical, Part-Phantom Circuit Mileage	1,268.3
Carrier L.D. Circuit Mileage	56,222.6
Combined Carrier & Physical or Phantom Circuit Mileage.	1,896.7
Telegraph & Teletype Circuit Mileage	3,029.9
Spare Facilities Circuit Mileage	778

Circuits operated by the Alberta Government Telephones
 leased from other companies:-

Physical L.D. Lines	6
Carrier " " "	44
Physical L.D. Circuit Mileage	1,087
Carrier " " " "	10,459.7
Telegraph & Teletype Circuit Mileage (leased facilities connecting to A.G.T. Circuits)	243.8

Circuits owned by the Alberta Government Telephones
 leased to other companies:-

Physical L.D. Lines	5
Phantom " " "	1
Part-Physical & part-Phantom L.D. Lines	1
Carrier L.D. Lines	13
Telegraph & Teletype Circuits	66
Physical L.D. Circuit Mileage	201.3
Phantom " " " "	25.9
Part-Physical & part-Phantom Circuit Mileage	45.7
Carrier L.D. Circuit Mileage	3,860.5
Telegraph & Teletype Circuit Mileage	21,088.7

GOVERNMENT OF THE PROVINCE OF ALBERTA
OFFICE OF THE PROVINCIAL AUDITOR

Edmonton, July 16, 1955.

Honourable Gordon E. Taylor
Minister of Railways and Telephones
Buildings

I have audited the books and records of the Alberta Government Telephones for the year ended March 31, 1955. The following statements are submitted herewith:

<u>Statement</u>	<u>Particulars</u>
A.	Balance Sheet
B.	Condensed Statement of Income
C.	Surplus Account
D.	Depreciation and Renewal Reserve
	Alberta Government Telephones Pension and Death Benefit Fund:
E.	Balance Sheet
F.	Statement of Operations

Operations for the year resulted in a net income of \$3,614,754.61 after providing \$1,262,213.14 for debt charges, \$2,180,000.00 for depreciation and renewal reserve and \$89,776.07, being the net operating costs in respect of radio station CKUA. The net income was carried to the surplus account from which was appropriated \$2,023,062.02 for acquirement of capital assets, leaving a net balance in the surplus account of \$3,900,250.93 as at March 31, 1955.

Pension and death benefit fund assets are subject to the comments contained in the certificate attached to the Pension and Death Benefit Fund Balance Sheet.

The Alberta Government Telephones have the following estimated contingent liabilities which were not reflected in the Balance Sheet as at March 31, 1955:

In respect of commitments for purchase of equipment for future delivery	\$ 5,391,848.00
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In respect of uncompleted building contracts	\$ 446,576.00
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Subject to the foregoing, I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Alberta Government Telephones as at March 31, 1955, according to information and explanations given to me and as shown by the books of the Alberta Government Telephones, and the accompanying Condensed Statement of Income correctly sets forth the results of operations for the year ended at that date.

C.K. Huckvale, F.C.A.
Provincial Auditor

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

BALANCE SHEET AS AT MARCH 31, 1955

ASSETS

Capital:

Telephone plant:

Real estate	\$ 8,545,748.23	
Equipment	27,377,650.23	
Exchange lines	13,850,752.53	
Toll lines	15,194,070.21	
Office furniture and fixtures	498,756.42	
Tools, vehicles and sundry equipment	632,220.94	
		\$66,099,198.56
Supplies		2,320,266.80
		<u>\$68,419,465.36</u>

Current:

Cash on hand and in bank	\$ 3,144,940.69	
Accounts receivable, less allowance for doubtful accounts	1,485,704.57	
Prepaid expenses	210,584.18	
		4,841,229.44

Reserve funds:

Depreciation and renewal reserve assets, Statement D	\$ 1,149,947.83	
Pension and death benefit fund, Statement E	5,250,117.40	
		6,400,065.23

Trust funds:

Cash on hand	\$ 425.10	
Government of Canada bonds	155,733.56	
		156,158.66

\$79,816,918.69

LIABILITIES

Capital:

Advance from Provincial Treasurer		\$ 43,845,992.91
Capital surplus arising from capital assets acquired from revenue funds		14,511,215.49
Depreciation and renewal reserve invested in plant		<u>10,062,256.96</u>
		\$ 68,419,465.36

Current:

Accounts payable	\$ 233,932.52	
Accrued interest, not due	438,708.91	
Unearned revenue	<u>268,337.08</u>	940,978.51

Reserves:

Depreciation and renewal reserve	\$ 11,212,204.79	
Less: Investment in plant	<u>10,062,256.96</u>	
	\$ 1,149,947.83	
Pension and death benefit reserve	<u>5,250,117.40</u>	6,400,065.23

Surplus as per Statement C

3,900,250.93

Trust:

Employees' accounts	\$ 92,237.46	
Government of Canada bond instalments payable	<u>63,921.20</u>	156,158.66

\$ 79,816,918.69

This is the Balance Sheet referred to in my report of July 16, 1955, addressed to the Minister of Railways and Telephones.

C.K. Huckvale, F.C.A.
Provincial Auditor

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

CONDENSED STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 1955

Telephone operating revenue:

Exchange earnings		\$ 5,215,463.48
Connecting companies' rentals		192,706.10
Toll earnings	\$ 9,133,215.02	
Less: Toll interchange	<u>1,371,854.32</u>	
		<u>7,761,360.70</u>
		\$ 13,169,530.28

Other revenue:

Teletype revenue	\$ 296,658.00	
Directory	199,659.81	
Installations, moves, etc.	175,254.28	
Leased line rentals	162,436.26	
Miscellaneous	<u>81,735.19</u>	
		<u>915,743.54</u>

Gross telephone earnings

\$ 14,085,273.82

Telephone operating expenses:

Operations	\$ 5,136,492.90	
Maintenance	<u>1,505,946.97</u>	
	\$ 6,642,439.87	
Provision for depreciation and renewal		2,180,000.00
Debt charges:		
Interest on debt	\$ 1,258,585.67	
Commission and exchange	<u>3,627.47</u>	
		1,262,213.14
Pension fund contributions		<u>385,866.20</u>
		10,470,519.21

Net operating income for the year
ended March 31, 1955

\$ 3,614,754.61

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

SURPLUS ACCOUNT

AS AT MARCH 31, 1955

Surplus as at April 1, 1954 \$ 2,308,558.34

Add:

Net operating income for the year ended
March 31, 1955

3,614,754.61

\$ 5,923,312.95

Deduct:

Appropriation for acquirement of capital
assets

2,023,062.02

Surplus as at March 31, 1955

\$ 3,900,250.93

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

DEPRECIATION AND RENEWAL RESERVE

FOR THE YEAR ENDED MARCH 31, 1955

Reserve as at April 1, 1954	\$ 10,052,551.91
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Add:

Provision during the year	\$ 2,180,000.00	
Interest earnings	33,664.84	
		2,213,664.84

\$ 12,266,216.75

Deduct: Charges to reserve:

Plant displaced, net	\$ 524,091.83	
Cost of repairs, rearrangements, etc. on reconstruction estimates	177,600.57	
Supervision, engineering and other associated costs chargeable to reserve	154,117.36	
Cost of removing plant	128,624.15	
Sundry equipment replaced, net	23,669.53	
Obsolete, worthless equipment and supplies written off	19,730.40	
Cost of extraordinary repairs	1,723.94	
Inventory adjustment	924.46	
Loss on sale of lines	338.24	
Other charges to reserve, net	23,191.48	
		1,054,011.96

Reserve as at March 31, 1955	\$ 11,212,204.79
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Represented by:

Cash in bank	\$ 19,670.01	
Investments:		
Government of Canada bonds, par value	1,125,000.00	
(Market value \$1,152,000.00)		
Accrued interest	5,277.82	
		\$ 1,149,947.83
Plant investment		10,062,256.96

\$ 11,212,204.79

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

PENSION AND DEATH BENEFIT FUND

BALANCE SHEET AS AT MARCH 31, 1955

ASSETS

Cash on hand and in bank	\$ 68,560.57
Investments at book value	5,131,000.00
Accrued interest	<u>50,556.83</u>
	<u>\$ 5,250,117.40</u>

LIABILITIES

Pension and Death Benefit Fund Reserve:		
Employees' accounts	\$ 1,181,674.94	
Alberta Government Telephones'		
account	<u>4,025,368.71</u>	
		\$ 5,207,043.65
Undistributed earnings		<u>43,073.75</u>
		<u>\$ 5,250,117.40</u>

Edmonton, Alberta
July 16, 1955

I have audited the books and records of the Alberta Government Telephones' Pension and Death Benefit Fund for the year ended March 31, 1955.

Investments as at March 31, 1955, were verified by actual examination and are summarized hereunder:

<u>Bonds and debentures</u>	<u>Par value</u>
Government of Canada	\$ 1,440,000.00
Provincial, direct and guaranteed	2,246,000.00
Municipal	1,245,000.00
School districts	<u>200,000.00</u>
	<u>\$ 5,131,000.00</u>

The approximate market value of the above securities amounted to \$5,158,000.00 as at July 5, 1955.

An actuarial survey as at December 31, 1954, indicates that the fund, as presently constituted, will be sufficient to meet all future requirements.

I certify that, in my opinion, the above Balance Sheet is properly drawn up so as to show the true financial position of the Pension and Death Benefit Fund as at March 31, 1955, according to information and explanations given to me and as shown by the books of the Fund, and the accompanying Statement of Operations correctly summarizes the transactions for the year ended at that date.

C.K. Huckvale, F.C.A.
Provincial Auditor.

GOVERNMENT OF THE PROVINCE OF ALBERTA

ALBERTA GOVERNMENT TELEPHONES

PENSION AND DEATH BENEFIT FUND

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 1955

	<u>Employees' Account</u>	<u>Alberta Government Telephones' Account</u>	<u>Total</u>
Pension fund as at April 1, 1954	\$ 1,053,207.02	\$3, 594,864.58	\$ 4,648,071.60
Add: Contributions and earnings allocated for the year:			
Contributions	243,384.46	386,339.16	629,723.62
Earnings allocated	30,144.46	145,861.85	176,006.31
Transfers in respect of employees retiring on pension	74,203.46	74,203.46	
Transfer from Public Service Pension Fund		255.31	255.31
	<u>\$ 1,252,532.48</u>	<u>\$ 4,201,524.36</u>	<u>\$ 5,454,056.87</u>
Deduct:			
Withdrawals	\$ 70,857.54	\$	\$ 70,857.54
Pension payments		176,155.65	176,155.65
	<u>\$ 70,857.54</u>	<u>\$ 176,155.65</u>	<u>\$ 247,013.19</u>
Pension fund as at March 31, 1955	<u>\$ 1,181,674.94</u>	<u>\$ 4,025,368.71</u>	<u>\$5, 207,043.68</u>

